

ECJ considers revocation of trademark due to inactivity of owner

In *Backaldrin Österreich The Kornspitz Company GmbH v Pfahnl Backmittel GmbH* (Case C-406/12) the European Court of Justice (ECJ) has ruled, on a reference for a preliminary ruling from the Austrian Supreme Patent and Trademark Court, that a trademark is liable to revocation in respect of a product for which it is registered if, in consequence of acts or inactivity of the rights holder, it has become the common name for that product from the point of view solely of end users of the product.

Backaldrin owned the Austrian word mark KORNSPITZ for goods in Class 30. It produces a baking mix which it supplies primarily to bakers, who turn the mix into a bread roll which is oblong with pointed ends. Backaldrin consented to the use of that mark by those bakers and the distributors supplied by them in the sale of the bread roll.

One of Backaldrin's competitors filed an application for revocation of the KORNSPITZ mark, alleging that it was perceived by end users as the common name for that

bread roll. The Austrian court was unsure, in applying the criterion of 'common name in the trade', to what extent it should take account of the fact that not all the goods for which the mark was registered were directed at the same customers.

The court concluded that KORNSPITZ was distinctive for the raw materials and intermediate products only. With regard to the finished goods, the court decided to refer questions to the ECJ. In essence, it sought to clarify whether a mark is liable for revocation if it has become a common name not according to the perception of the sellers of the finished product, but according to that of the end users. It also asked whether the conduct of the rights holder can be interpreted as "inactivity" if the latter does not encourage sellers to make more use of the mark in marketing the product.

The ECJ held that KORNSPITZ did not fulfil its essential function as an indication of origin for bread rolls. Consequently, it was liable to revocation insofar as it was registered for that product if the

loss of its distinctive character in respect of that product was attributable to acts or inactivity of the trademark owner. The fact that sellers of the product – as opposed to end users – were aware of the existence of the mark did not, on its own, preclude revocation.

Further, the court held that

the conduct of a rights holder may be classified as 'inactivity' within the meaning of Article 12(2)(a) of the EU Trademarks Directive (2008/95/EC) "if a proprietor of a trademark does not encourage sellers to make more use of that mark in marketing a product in respect of which the mark is registered".

Case comment

"Companies that own a trademark for end products, but supply only raw materials and intermediate products, must learn a lesson from this decision. If a manufacturer has no direct influence on the end consumers' market, it must find appropriate methods to ensure that end consumers know that a sign is a registered trademark. However, the ECJ was unclear on this point. Theoretically, this can be achieved through advertising, although this can be extremely costly. Alternatively, the mark owner can insist that its traders convey to their customers that the sign is a registered trademark. Usually, mark owners do not have licensing contracts with all their

traders, and it is questionable whether a circular letter or other document would be considered sufficient. If the owner does not take any measures, this will be interpreted as inactivity under Article 12(2). In turn, if the traders do not comply with the mark owner's request, the question arises of whether the owner should sue its traders or its traders' customers. Both options seem rather inappropriate. However, if no suit is filed, it will be difficult for the mark owner to demonstrate to the court that it has done everything necessary to maintain its trademark."

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